



CORPORATE HEADQUARTERS:
One South Wacker Drive
Suite 200
Chicago, Illinois 60606
Phone: 312.384.8000
Fax: 312.346.3276
www.neutraltandem.com

Neutral Tandem Overview

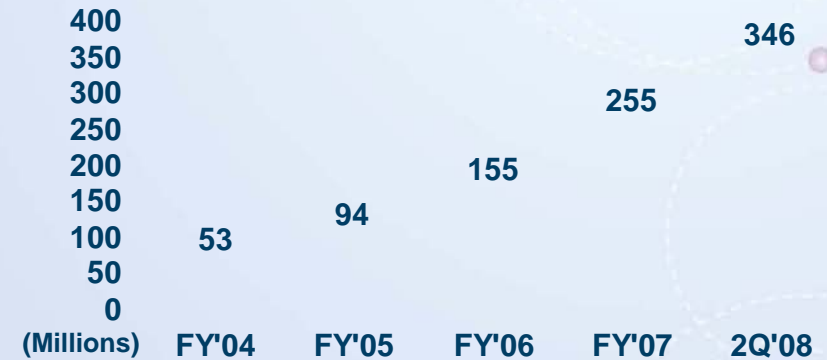
make every minute count.

Company Background

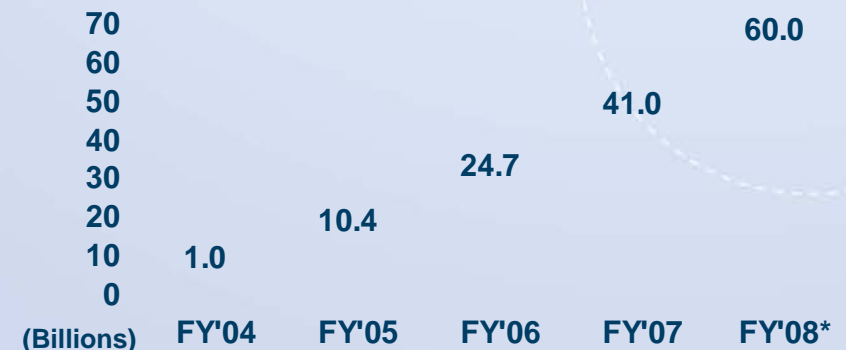


- Launched service in February 2004
- IPO on 11-02-07 raised over \$90M;
 - Trades on NASDAQ as “TNDM”
 - Member of Russell 2000 Index
- Projecting \$117M-\$121M in revenue for 2008
- Carried over 41B MOUs in 2007; projecting **over 60B** MOUs in 2008
- Connect to over **1,500** carrier switches of **90+ different carriers**
- Offer service in 82 markets as of 2Q'08; project 94 by YE '08

Terminating Telephone Numbers



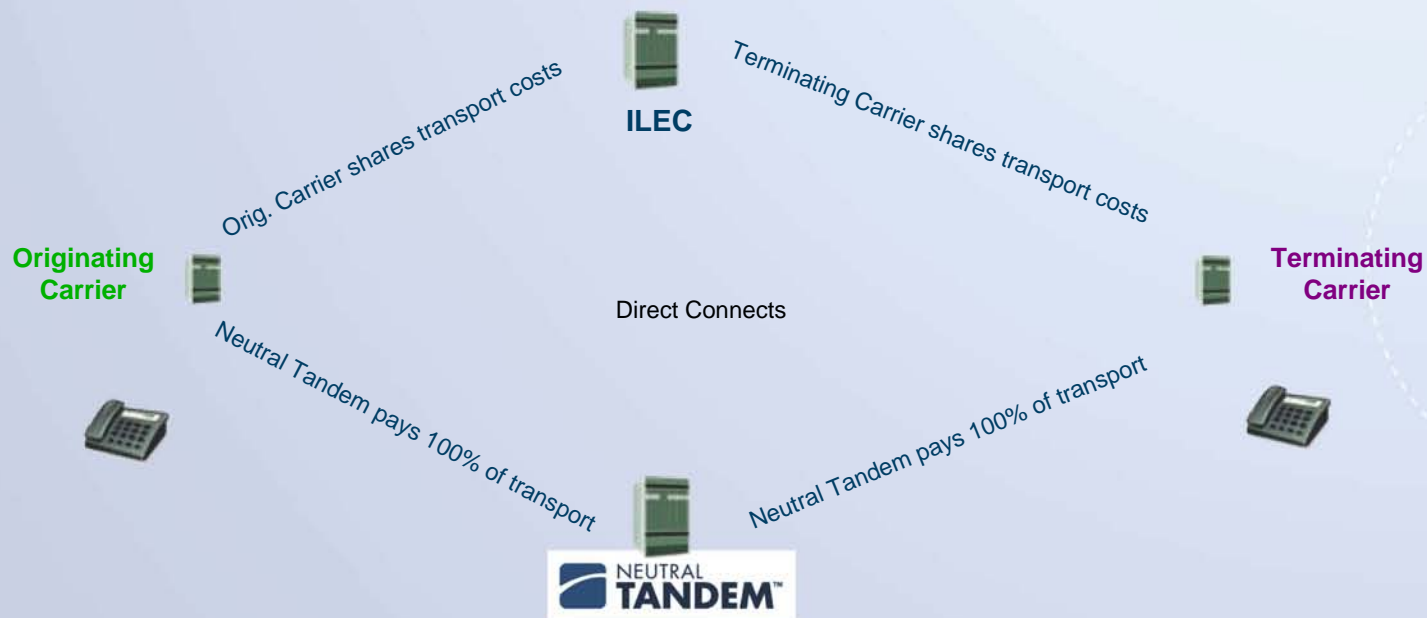
Billed Minutes



* Projected for Full Year 2008

Neutral Tandem solves the critical network infrastructure problem of connecting competitive carriers' networks and switches together

NY Local Calling Area



Note: Terminating carrier is responsible for billing and collecting any associated reciprocal compensation charges that may apply

Neutral Tandem offers customers substantial savings

Competitive Alternative

Neutral Tandem provides competitive carriers with a more efficient and cost effective means to route calls to one another.

CMRS 1

CLEC 1

CABLE 1

CMRS 2

CABLE 2

CMRS 3

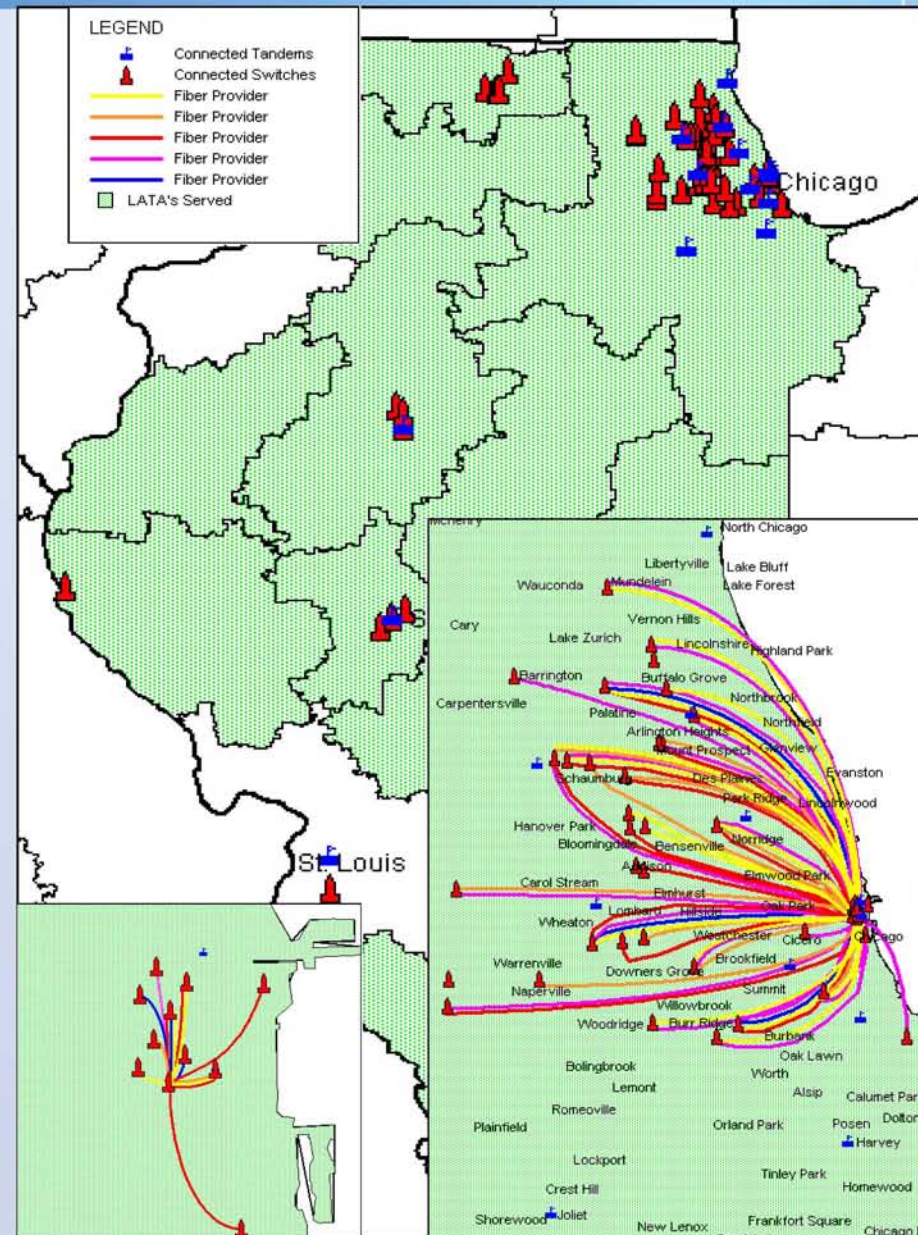
ILEC Tandems



ILEC Tandems

Sample Market – Our Illinois Coverage

- Can route calls to over 24 Million phone numbers in IL
- Neutral Tandem connects 84 competitive carrier switches plus 21 ILEC tandems in IL
- Diverse routing using 10 different facility providers
- Neutral Tandem serves 87% of ALL telephone numbers assigned to competitive carriers in IL
- Neutral Tandem routes in excess of 5 Billion MOUs/yr in IL
- Diverse routing using multiple transport providers for redundancy



Strengthens the PSTN

- Diverse tandem switching independent from ILEC facilities
- Facilities-based, redundant power and transport in/out of tandems
- Increases the PSTN's ability to handle call surges
- Creates fully redundant tandem network to offset exposure tied to natural and/or man-made disasters i.e. Hurricane Katrina, 9/11 etc...

Before Neutral Tandem:

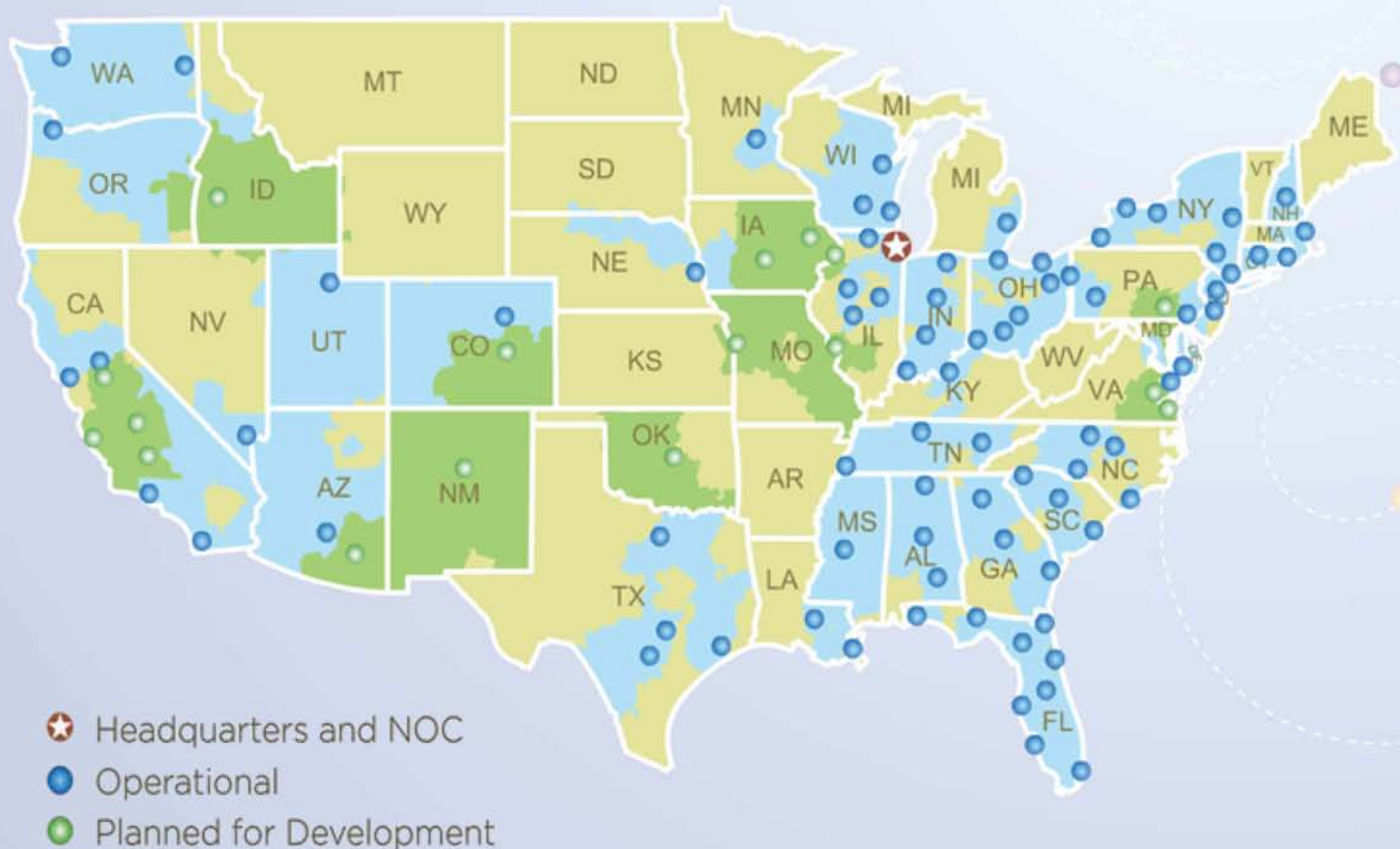
- LEC tandems were a *single point of failure*

After Neutral Tandem:

- Diverse Tandems
- Diverse Switch Sites
- Diverse Transport
- Diverse Routes

Geographic Coverage

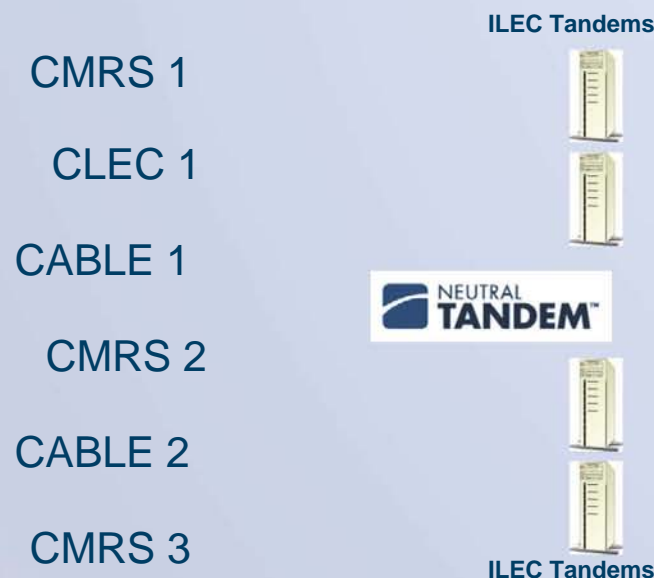
- **82** markets now and 94 by YE
- **170** LATAs across the country
- **356M** assigned numbers to which NT can route calls



The above map is current as of 6-30-08. Neutral Tandem reserves the right to change the service areas identified as 'planned for development' without notice, and is under no obligation to update this map with respect to any such changes.

Competition is Working...

Neutral Tandem provides competitive carriers with a more efficient and cost effective means to route calls to one another.



- ☑ **Significant cost savings**
- ☑ **Streamlines interconnection points**
- ☑ **Eases competitive tensions**
- ☑ **Enhances network redundancy (homeland security) & quality**
- ☑ **Promotes development of new services**

YE market coverage is projected to cover 73% of competitive telephone numbers in the U.S.

“Do No Harm” to Existing Competition

- Commission Favors Competition versus Regulation.
 - Significant Transit Service competition has developed over the last four years.
- Regulating/Capping Transit Service Rates has Severe Unintended Consequences.
 - Where market is competitive, price regulation can deter or destroy competitive entry.
- FCC Should Establish Rules to Promote Further Transit Competition.

Transit Regulation to Promote Competition

- The Missoula Plan, with targeted adjustments, can continue the development of transit competition.
- The Missoula Plan, as proposed 2 years ago, contained a 4-year rate cap on Transit Services “until competition developed.”
- Transit Service competition has grown dramatically since Missoula was proposed.
 - Local Transit Services pricing should be deregulated in those markets where sufficient transit competition exists.

Critical Pro-Competitive Elements

- The originating carrier (a/k/a the “Ordering Carrier”) is responsible for all charges associated with transporting and terminating a call.
- Competitive Tandem Providers with sufficient traffic volumes should have the right to directly connect to a terminating carrier on non-discriminatory terms.

Phantom Traffic

- Neutral Tandem generally supports the United States Telecom Association proposal for rules to address the issue of “phantom traffic.”
- The Originating Carrier must provide appropriate call signaling information to the Transit Provider.
- The Transit Provider will pass to the terminating carrier all call signaling information it receives.
- If the Originating Carrier fails to provide required signaling information, the Transit Provider will provide call records to the terminating carrier that identifies the Originating Carrier (when known). The Transit Provider should be fairly compensated for providing these call records.
- The FCC should not, however, adopt a blanket rule requiring that all traffic be routed “in accordance with the LERG.”
 - Such a requirement would restrict competition.
 - Competitive carriers are forced to name only the ILEC tandem as their homing tandem in the LERG; thus, requiring carriers to route all traffic in accordance with the LERG would result in all traffic being routed to the ILEC tandem—thus destroying the transit competition that has developed.